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23 DEC 1957

MEMORANDUM FOR: Chief of Operations, DD/P

SUBJECT : Project AEMANNER (Renewal)

1. The attached project, originating in the SR Division and designed to procure information on the USSR and Lithuania, is presented for approval of renewal for the period 1 August 1957 through 31 July 1958. The project activities are directed principally to the exploitation of mail channels to Lithuania and contacts with selected emigres and legal travelers to and from the USSR, particularly the Lithuanian SSR. The Division has stated that the project has succeeded in establishing sources for subsequent exploitation and in producing positive and operational intelligence."

2. Authority is requested to obligate \$29,433 from the DD/P-SR Division budget: \$27,254 for the fiscal year 1958, and \$2,179 for the fiscal year 1959, subject to the availability of funds. A breakdown of these funds is as follows:

a. Agent Compensation

□	□ (\$4,650 per annum)	\$3,300
□	□	300
□	□ (presently \$5,000)	5,200
□	□	475
□	□ (presently \$2,571)	4,000
Other agents		<u>458</u>
		\$13,733

b. Travel, including □ and family from United States to Germany 6,500

c. Termination bonus for □ □ 500

d. Rental of safehouses for □ □ and □ □ 4,100

e. Operational expenses, including maintenance and operation of one vehicle 4,600

Total \$29,433

These obligations will incorporate the compensation (\$4,000) for , a PP agent with some FI tasks in the project who was erroneously transferred into the project through a misunderstanding

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SECRET

SECRET

between the Field and Headquarters during the past project year. During the approval year a new project will be proposed to employ [] as a principal agent, removing him from this project.

3. Two memoranda, prepared by the SR Division and summarizing the important factors involved and the accomplishments of the operations, are attached. During the Staff review of the project renewal request additional information was secured from the Division concerning the accomplishments of the agents in the project, and several conferences were held with Division personnel with regard to the disposition of [] and the need for his cover firm, a press clipping and reporting service, as an apparent legitimate source of his income. It was agreed that if the Field determines that the clipping service can be supported with the fees paid by its legitimate customers in Europe and the United States, the cover firm will be continued. Otherwise the firm will be placed in bankruptcy and the plan envisioned in this renewal request to establish notional customers as a source of funds will not be instituted by the Central Cover Branch. The amount requested for cover expenses has been reduced accordingly.

4. In addition to the arrangement described above which was worked out with the Division, the Staff has made these comments and recommendations:

a. CCB/NC - concurs in approval of project. However, the cover for transmittal of overt income to [] is still under discussion with SR. We anticipate reaching an acceptable solution, but nothing firm has been actually decided yet.

b. FI/OPS - [] should not be assigned abroad until he has fulfilled the residence requirement for U. S. citizenship. We understand his year of residence will be completed 1 March 1958.

c. RQM/RE - Four positive information reports received and disseminated, two being rating "of value" by Army, and one on the conscription of men under 40 years of age without prior notice, was considered by Army to have fulfilled a priority need. Production rating C, with renewal of the project recommended.

5. I recommend approval of the project renewal for the period indicated with the stipulation expressed in paragraph 4.b. and with the understanding that the SR Division will resolve with the Central Cover Branch a suitable cover arrangement for the transmittal of an overt income to []. Inasmuch as this approval is effective until 31 July 1958, I recommend also that the SR Division be instructed to secure a Field Project Outline and submit the new project proposal for [] well in advance of the expiration date of this project. I recommend also that the SR Division

SECRET

SECRET

be instructed to secure a Field Project Outline and an operational review of Project AEMANNER to be used as a basis for the next renewal request prior to ~~31 July 1958~~.

1 May 1958.

Chief
FI/OPS Division

Chief
Foreign Intelligence

Approved with stipulations
and recommendations in
paragraph five:

COP-DD/P

DEC 23 1957

Date

Staff Coordination:

For C/CCB/NC	s/
For C/FI/OPS	s/
For C/CI	s/
For C/CI/OA	s/
For C/RQM/RE	s/

* This is clearly a costly project with only marginal production. We have agreed to allow it to go forward to COPs only because the Division insists on its potential usefulness and promises to tidy it up before it is again presented for renewal by the end of ~~July~~ April, 1958.

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